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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

**BAB2024 – MANAGEMENT ACCOUNTING FOR
MANAGERS**
(All sections/Groups)

15 AUGUST 2022
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 7 pages excluding the cover page with 4 questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Sheet provided.

QUESTION 1**Part A**

Niki Manufacturing Company uses a job order cost accounting system and keeps perpetual inventory records. The company incurred the following transactions in June 2022 during the production of its shoes.

Date	Transactions
Jun 1	Purchased raw materials for RM20,000; RM5,000 by cash and the remaining on account.
8	Raw materials requisitioned by production: Direct materials RM8,000 Indirect materials RM1,000
15	Incurred factory utilities RM2,100 and repairs for factory equipment RM8,000.
25	Time tickets indicated the following: Direct labour (6,000 hours x RM12 per hour) = RM72,000 Indirect labour (3,000 hours x RM8 per hour) = RM24,000
25	Applied manufacturing overhead to production based on a predetermined overhead rate of RM7 per direct labour hour worked.
28	Goods costing RM18,000 were completed in the factory and were transferred to finished goods.
30	Goods costing RM15,000 were sold for RM20,000 on account.

Required:

Journalised the above transactions.

(20 marks)

Continued...

Part B

Zazada Manufacturing Company uses a predetermined overhead allocation rate to allocate overhead to individual jobs, based on the machine hours required. At the beginning of 2022, the company expected to incur the following:

Manufacturing overhead cost	RM840,000
Direct labour costs	RM1,550,000
Machine hours	70,000 hours

At the end of 2022, the company had actually incurred the following:

Direct labour cost	RM1,160,000
Manufacturing Overhead costs:	
Depreciation on manufacturing plant and equipment	RM600,000
Property taxes on plant	RM40,000
Plant workers' wages	RM17,000
Sales salaries	RM26,500
Delivery drivers' wages	RM23,500
Machine hours	67,000 hours

Required:

- Compute the predetermined overhead rate. (1 mark)
- Compute the manufacturing overhead cost applied to production and journalise it. (1.5 marks)
- Determine the amount of under-or-overapplied manufacturing overhead and state the adjusting entry. (*Show your workings to support the answer*) (2.5 marks)

(Total: 25 marks)

Continued...

QUESTION 2**Part A**

HomePro Furniture Corporation incurred the following costs in manufacturing and selling the home furniture.

1. Wood used in the production of furniture.
2. Telephone bill.
3. Fuel used in delivery trucks.
4. Straight-line depreciation of factory building.
5. Screws used in the production of furniture.
6. Sales staff salaries.
7. Sales commissions.
8. Property taxes.
9. Insurance on buildings.
10. Hourly wages of furniture craftsmen.
11. Salaries of factory supervisors.
12. Utilities expense.

Required:

Classify the costs above as variable, fixed, or mixed.

(6 marks)

Part B

Dolla Company manufactures two types of handbags: standard and custom. The director of the company has heard of activity-based costing and wants to see how the results would differ if this system were used. Three activity cost pools were developed: machining, material handling, and quality control. Presented below is the information related to the company's operations:

Types	Quantity	Direct materials	Direct labor	Machining (Machine hours)	Material Handling (Number of moves)	Quality Control (Number of inspection)
Standard	10,000	RM80,000	RM150,000	15,000	18,000	100
Custom	5,000	RM25,000	RM60,000	10,000	7,000	50

Overhead costs for the period are estimated as follows:

Machining	RM250,000
Material handling	300,000
Quality Control	450,000

Under the traditional costing system, the costs of machining, material handling, and quality control are assigned to the handbags based on machine hours.

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Required:

- (a) Compute the cost per unit for each handbag using the traditional cost system. (6 marks)
- (b) Determine the cost per unit of each handbag using an activity-based costing system.
(10.5 marks)
- (c) Based on your answers in (a) and (b) above, comment on the comparative cost per unit for both handbags. Which costing method is more appropriate in allocating the overhead costs? Justify your answer. (2.5 marks)

(Total: 25 marks)

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QUESTION 3

LaVida Supply Company manufactures and sells a multivitamin product called Optimum. The following data are available for preparing budgets for Optimum for the year 2023:

1. Sales forecast:
Quarter 1: 7,000 units
Quarter 2: 8,000 units
Quarter 3: 5,000 units
Quarter 4: 6,000 units
2. The sales price is expected to be RM50 per unit for the first quarter and RM60 per unit in the last three quarters.
3. Management desires an ending finished goods inventory in each quarter equal to 20% of the next Quarter's budgeted sales units. The desired ending finished goods inventory for the Quarter 4 is 1,500 units.
4. The Company expects to begin the Quarter 1 with 1,600 units in finished goods inventory.
5. The beginning raw materials inventory for the Quarter 1 is budgeted to be 3,120 kilograms.
6. Each unit of finished goods requires 2 kilograms of raw materials at a cost of RM4.00 per kg. The desired ending inventory of raw materials for each quarter is as follows:
Quarter 1: 3,000 kg
Quarter 2: 2,000 kg
Quarter 3: 2,500 kg
Quarter 4: 3,500 kg

Required:

- (a) Prepare the Company's sales budget for the year 2023. (3 marks)
- (b) Prepare the Company's production budget for the year 2023. (10 marks)
- (c) Prepare the Company's direct materials budget for the year 2023. (12 marks)

(Total: 25 marks)

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QUESTION 4**Part A**

Collin Company prepares monthly cash budgets. Relevant data from operating budgets for 2022 are as follows:

	January	February
Direct labour	90,000	100,000
Manufacturing overhead	70,000	75,000
Selling and administrative expenses (including depreciation expense of RM1,000 per month)	79,000	85,000

1. All items above except depreciation are paid in the month incurred.
2. Collection from customers: January RM326,000; February, increase 10% from January's collection.
3. Payment for direct materials: January RM112,000; February RM123,000.
4. Payment of cash dividend RM6,000 in February.
5. Other receipts:
January – collection of notes receivable RM15,000.
February – proceeds from sale of investment securities RM20,000.

The company's cash balance on 1 January 2022, is expected to be RM60,000. The company wants to maintain a minimum cash balance of RM50,000.

Required:

Prepare a cash budget for January and February in columnar form. (12.5 marks)

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Part B

Kiki Company combines its operating expenses for budget purposes in a selling and administrative expense budget. For the first 6 months of the year 2022, the following data are available.

1. Sales: 20,000 units in Quarter 1; 22,000 units in Quarter 2.
2. Variable costs per Ringgit of sales: sales commissions 5%, delivery expense 2%, and advertising 3%.
3. Fixed costs per quarter: sales salaries RM12,000, office salaries RM8,000, depreciation RM4,200, insurance RM1,500, internet charges RM800, and repairs expense RM500.
4. Unit selling price: RM20.

Required:

Prepare a selling and administrative expense budget for Quarter 1 and Quarter 2 of the year 2022. (12.5 marks)

(Total: 25 marks)

End of Paper.